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SUBJECT: UN OVERSIGHT: CONFLICT OF INTEREST INVESTIGATION
IN PENSION FUND

¶1. SUMMARY: This report, which was requested by USUN under the provision that allows Member States to obtain copies of OIOS reports, details the findings of an OIOS investigation launched in response to the allegations of two UN Joint Staff Pension Fund staff members that procurement irregularities occurred in information technology services, including conflicts of interest and waste of resources. The investigation found multiple instances of procedural violation in procurement by several UNJSPF staff members, and while the investigation concluded that it did not constitute a conflict of interest, they did say that the situation created the appearance of a conflict of interest which has been damaging to the organization. END SUMMARY.

¶2. Instances of procedural violation included a failure to hold competitive bidding for multiple information technology contracts, instead awarding direct contracts to a consultant company. On occasions where competitive bidding was held, this consultant company again was awarded multiple contracts, through irregular processes lacking transparency.

¶3. UNJSPF staff justified the awarding of contracts through non-competitive bidding processes as due, initially, to time constraints, and after the initial contracts were awarded, to the desire not to lose money and time in the transitioning process to another company once the consultant company had begun work. As a result, contracts were often extended.

¶4. A previous working relationship between the Pension Fund Information System officer and the president of the consultant company was not communicated to the Procurement Department. This pension fund officer was highly involved in the recommendation, evaluation, bidding and documentation processes for the consultant company's work for the UNJSPF, and though he/she was not found to receive any personal financial gain from the contracts, the perception of favoritism led to mistrust by staff members, and a perception of conflict of interest.

¶5. This situation went unchecked due to many procedural violations by other staff members, including a failure to independently obtain information on the consultant company before accepting the information system officer's recommendations, a failure to compare their fees to those of similar companies, and allowing the extension of several contracts beyond their original mandate, again without a competitive bidding process.

¶6. UNJSPF management questioned the motives of the two staff members who made the accusations, stating that these individuals had personal interests against the management motivating their complaints, including pending appeals against management, or beliefs they had previously been treated unfairly.

¶7. CONCLUSION: While no conflict of interest was found

between the IMSS Officer and the consultant company, multiple procedural violations by several staff members regarding the awarding of information technology contracts to this company has caused the perception of a conflict of interest. As a result, the OIOS has called for the consultant company to not be offered more work for the UNJSPF, for action against many UNJSPF staff for violating procedure, for intervention by the OHRM staff to ensure fairness in future decision-making, and finally, for preventing situations which both lead to a conflict of interest, or the perception of a conflict of interest.

18. COMMENTS: Despite the OIOS, finding that no actual conflict of interest took place, the consequences of the perception of conflict of interest are nevertheless serious; it is thus important that the accountability measures recommended in the report be fully implemented. END COMMENTS.
BOLTON